



WEDNESDAY 22nd APRIL 2015 – MORNING

ECONOMICS OF SEA TRANSPORT & INTERNATIONAL TRADE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Explain the term **derived demand** in the context of shipping.
2. Explain how changes in production levels and locational shifts in output influence the demand for shipping tonnage.
3. There was a 30% decline in crude oil prices in the last quarter of 2014. Explain the reasons for this decline and the effect on shipping.
4. What effect will direct foreign investment in the manufacturing sector have on a country's balance of payments?
5. Explain the principles of economies of scale and discuss how they are applied in the shipping industry. Use a graph to illustrate your answer.
6. In the context of the ship building and demolition industry explain, using examples, **subsidies**.
7. Within the tanker market, describe:
 - a. common cargoes
 - b. main importers and exporters
 - c. factors affecting the current market.
8. Discuss what barriers to entry may occur in the liner trades market.